

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

USIA-06 /104 W

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R 251911Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0559

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY TEL AVIV

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A

TAGS: PFOR, ENRG, IR, SA, IS, UK

SUBJECT: OIL, IRAN, SAUDI ARABIA AND ISRAEL

1. AT IISS LUNCH APRIL 24 VISITING IRANIAN, DR. ABBAS AMIRIE (EXECUTIVE DIRECTOR OF INSTITUTE FOR INTERNATIONAL, POLITICAL, AND ECONOMIC STUDIES IN TEHRAN) TOLD STORY HE THOUGHT ILLUSTRATED CROWN PRINCE FAH'D'S MUCH WARMER ATTITUDE TOWARD THE SHAH THAN THAT POSSESSED BY KING FEISAL. DURING 1973 OPEC CONFERENCE ON OIL PRICES IN TEHRAN, AMIRIE RELATED, OIL MINISTER YAMANI HAD RESISTED SHAH'S REQUEST THAT PRICE BE FIXED AT SEVEN DOLLARS A BARREL (ONE DOLLAR UNDER SHAH'S ESTIMATED COST OF PRODUCTION).
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ING ALTERNATIVE OIL FROM SHALE IN U.S.). YAMANI INSISTED

THAT FEISAL HAD NOT AUTHORIZED HIM TO GO ABOVE FIVE DOLLARS A BARREL.

2. YAMANI THEN AGREED TO CHECK BACK WITH FEISAL. COMPLICATED TELEPHONE HOOK-UP WAS ARRANGED TO RIYADH, BUT FEISAL WAS NOT AVAILABLE. INSTEAD, YAMANI GOT FAH'D, WHO IMMEDIATELY AUTHORIZED AGREEMENT TO SEVEN-DOLLAR FIGURE IF THAT WAS WHAT THE SHAH WANTED. WHEN YAMANI RETURNED TO RIYADH HE UNDERWENT SEVERE TONGUE LASHING FROM FEISAL WHO WAS UNHAPPY AND TOLD YAMANI HE SHOULD HAVE TAKEN HIS INSTRUCTIONS ONLY FROM FEISAL. DR. AMIRIE THOUGHT THIS STORY ILLUSTRATIVE OF FRIENDLIER, MORE REASONABLE ATTITUDE NEW SAUDI GOVERNMENT CAN BE EXPECTED TO ADOPT TOWARD IRAN.

3. IN REPLY TO A QUESTION AS TO IRAN'S ATTITUDE SHOULD RENEWED ARAB-ISRAEL HOSTILITIES LED TO AN ARAB REQUEST THAT IRAN CUT OFF ITS OIL SHIPMENTS TO ISRAEL, AMIRIE CITED FREQUENT AND RECENT ASSERTIONS BY THE SHAH THAT HE WOULD NOT PLAY POLITICS WITH OIL AND IS NOT INTERESTED IN WHERE OIL GOES ONCE IT SAILS AWAY IN A TANKER.

4. COMMENT: IF TRUE, PARAS 1 AND 2 PROVIDE QUITE AN INSIGHT. AMIRIE'S REMARKS WERE PRIVILEGED AND NOT FOR AT-TRIBUTION EITHER TO HIM OR TO THE IISS. THERE WAS NOTHING PARTICULARLY CONFIDENTIAL ABOUT THE MEETING, HOWEVER, SINCE THERE WERE DIPLOMATS OF SEVERAL NATIONALITIES PRESENT IN ADDITION TO US AND UK. END COMMENT.

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Message Attributes

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